

85th Legislative Session – 2010

Committee: Joint Appropriations

Wednesday, January 20, 2010

P - Present
E - Excused
A - Absent

Roll Call

P Ahlers
P Burg
P Bartling
P Dennert
P Hundstad
P Wismer
P Novstrup (Al)
P Brown
P Carson
P Deadrick
P Peters
P Wink
P Haverly
P Putnam
P Hunhoff (Jean), Chair
P Tidemann, Vice-Chair

OTHERS PRESENT: See Original Minutes

The meeting was called to order by Senator Jean Hunhoff.

Department of Human Services

Jerry Hofer, Secretary of the Department of Human Services along with Dan Lusk, Gib Sudbeck, Gaye Matke, Amy Iversen-Pollreisz, John Hanson, Ted Williams, Grady Kickul, Cory Nelson, and Scott Pelham appeared before the Committee to present the department's FY11 budget request. Document No. 1 was distributed.

The department's recommended budget consists of \$109,396,791 from the general fund, \$140,651,501 of federal fund authority, \$6,235,557 of other fund authority, and 1,205.2 FTEs.

The department's mission is to promote the highest level of independence for all individuals regardless of disability or disorder. Department goals used in achieving their mission include:

- Person-Centered Services
- Children and Family Services
- Multiple Disabilities or Disorders
- Quality Assurance

For FY11, the department estimates 61,661 clients will be served in the following areas:

- 15,338 in Alcohol & Drug Abuse
- 22,247 in Rehabilitation Services
- 4,886 in Developmental Disabilities
- 1,779 in Service to the Blind and Visually Impaired
- 17,411 in Mental Health

The FY11 Projected Average Daily Census at the department's facilities includes:

- 2,010 admissions at the Human Services Center with an average daily census of 250
- 40 admissions at the SD Developmental Center with an average daily census of 148

The department's highest priorities are:

- Strategic Prevention Framework State Incentive Grant (SPF SIG)
- Multiple Disabilities or Disorders
- Person-Centered Thinking Initiative
- HSC Dietary Project
- SDDC Rightsizing

Gib Sudbeck, Director of the Division of Alcohol and Drug Abuse briefed the Committee on the SPF SIG grant. Mr. Sudbeck told the Committee the department had received a SPF SIG grant from the Center for Substance Abuse Prevention (CSAP) in July 2009, totaling \$2,135,000/year for 5 years. This grant is a cooperative agreement between the division and CSAP. The purpose of the grant is to provide funding to states and federally recognized tribes and U.S. Territories in order to:

- prevent the onset and reduce the progression of substance, including childhood and underage drinking;
- reduce substance abuse-related problems; and
- build prevention capacity and infrastructure at the State, tribal, territorial and community levels.

Representative Burg asked if this was similar to current programs. Mr. Sudbeck said the funding source is new but existing programs can apply for funding. Most of the work will be expansion of the work going on now, with some new initiatives. Representative Burg asked if the current programs are working. Mr. Sudbeck said yes, absolutely. The department has good outcome data related to prevention programs. Secretary Hofer said they will be able to do more because the funding doubles the current prevention budget. This is all federal funding for prevention and not treatment. At least 85% of the money will go out to the local communities for prevention programs.

Senator Hunhoff asked for a specific breakdown of where this funding will go. Secretary Hofer said the department is still in the early planning stages. The RFP's will go out in March or early April, it would be June or July before they know exactly where the money will go. The department has held a number of meetings with providers and is helping them learn the strategic plan process and develop work plans.

Amy Iversen-Pollreisz, Director of Mental Health briefed the Committee on co-occurring disorders. In the fall of 2007 the department received a federal grant of \$550,000/year for up to 5 years to work on developing the infrastructure necessary to provide a comprehensive and integrated program to individuals with co-occurring, substance abuse and mental health disorders. The department partnered with community providers to create co-occurring capable programs. Ms. Iversen-Pollreisz said one of the accomplishments of this activity is to identify the co-occurring disorders early on in the process; clients are being screened as soon as they enter the system.

Senator Hunhoff asked how the department handles grant funding between Sessions. Secretary Hofer said the department tries to get to the next budget year to get the spending authority; however, in some cases the department uses Other or Federal spending authority. Secretary Hofer explained that the budget is prepared for 2 years out and moving funds at the end of the year is typically how the department manages their funds.

Representative Peters asked if the two grants discussed involved any general funds. Secretary Hofer said no. The department is aggressively seeking additional grant funds for the co-occurring program. The SPFSIG grant is a competitive grant, so in 5 years if that grant is unavailable, there would be a reduction in the budget.

Scott Pelham, Director of Developmental Disabilities spoke regarding the Person-Centered Thinking Initiative. Mr. Pelham said the department is in the third year of this federal grant which has very specific targets. Person-Centered Thinking is very structured methods for people who are paid to provide support to think about the quality of life from the perspective of the person they support. It is a person-driven approach to services, rather than an agency-driven approach. Mr. Pelham said South Dakota is the only state engaged in state-wide, system-wide person-centered practices. The grant award is \$25,000 per year for 3 years and will end in

November of 2010. Mr. Pelham said they do not expect the money to continue; however efforts will continue through the providers with support by the department through training. No FTEs are involved.

Cory Nelson spoke to the Human Services Center Dietary Project. Mr. Nelson told the Committee that during the planning and design of the Mickelson Center there had been discussion of including a building for the dietary service; however, due to the cost of the project, that addition was not done. The current building, which is across campus from the Mickelson Center, contains a cook/chill system. The current system, which will no longer be supported by the manufacture in 2013, has many limitations, especially on the type of food that can be prepared. If the current dietary building were to continue as the food service facility, it would need approximately \$1.5 million in renovations and that does not include the new preparation and delivery system at a cost of \$900,000 to \$1 million. Mr. Nelson said a bill will be introduced to construct a new dietary building at an estimated cost of \$5.63 million. Mr. Nelson said the department has been working over the past several years to find ways to fund this project. Under the ARRA act Congress appropriated money and bonding authority for recovery zone bonds at a good rate with tax credits on the interest. Yankton is in a recovery zone after meeting with the Yankton County Commission they have agreed to transfer their bonding authority to the State of South Dakota. The department is trying to make this project a general-fund neutral project and has been working closely with an insurance provider trying to become a provider for that agency. The insurance provider and the state have reached an agreement on this issue and could start receiving payments. The department estimates it would receive \$400,000-\$500,000 of new insurance receipts which would more than cover the bond payment for the building. Mr. Nelson said they have reached the point with the current dietary building that something has to be done in order to maintain the hospital.

Representative Wink asked when the contract would be signed by the preferred provider. Mr. Nelson said hopefully the contract will be in place by February 1st.

Senator Brown asked about the cost of the building and what will happen if the proposed bill does not pass. Mr. Nelson said the estimated cost is \$200/square foot for a total cost of \$5.6 million. If the bill fails, Mr. Nelson said they would return next year; however the immediate loss would be the loss of bond funding authority from ARRA as well as anticipated increases in construction costs. If the issue is not resolved by 2013 the cost would be greater due to the lack of support from the equipment service provider. The hospital would have to out-source the food service.

Representative Putnam asked what other states are doing that have a similar food preparation system. Mr. Nelson said the technology has changed in the past 15-20 years and South Dakota has been very fortunate in being able to work with neighboring states in obtaining their surplus equipment and parts when the other states have upgraded. Representative Putnam asked if other states are out-sourcing their food service. Mr. Nelson said they currently contract with a food

service provider, the third since 1996. Many providers do not want to work with the current situation at the HSC, especially with the dietary building being in a separate building.

Representative Wink asked if the cost of bonds could be used for the remodeling. Mr. Nelson was not sure about the eligibility of the bonds for remodeling. The old building would not be torn down because the Department of Corrections uses that building to house inmates. Senator Hunhoff asked if the Department of Corrections pays a rental fee. Mr. Nelson said the building is under the authority of the Department of Human Services and the Department of Corrections provides inmate labor on the campus in lieu of paying rent.

Senator Haverly asked what the fiscal impact would be if the dietary system changed. Mr. Nelson said they hope to see a significant savings when moving from a 40,000 square foot building for production to a 20,000 square foot building. However, inmates will still be needed and their work will stay the same. Mr. Nelson said the old building is divided into 4 sections and could be heated accordingly.

Senator Hunhoff asked what type of food service would be available. Mr. Nelson said it would be a fresh food service; cooked and served the same day.

Response to Supplemental Committee Questions

First Question: Please review the success and social impacts of the Department's drug and alcohol programs.

Gib Sudbeck presented information from Document No. 2. Mr. Sudbeck told the Committee research estimates a cost benefit of \$10.09 for every dollar invested in substance abuse treatment. Employment rates increase, days of lost work decrease, criminal arrests decrease and those completing treatment were less likely to be hospitalized. In regard to adults completing treatment Mr. Sudbeck said research shows the one year post treatment abstinent rate is 49.4%. Prior to treatment 1/3rd of the adults was unemployed, post treatment the unemployment rate was 8.1% for those completing treatment. Additionally there was a 68.6% improvement in days of work absent and a 76% reduction in accidents. For adolescents completing treatment the abstinent rate one year post treatment is 45.5% and there was a decrease of 22.3% in the number of disciplinary problems in school after treatment. Juveniles that completed treatment had 4.9 times fewer misdemeanor arrests and 8.3 times fewer felony arrests one year post treatment.

Mr. Sudbeck told the Committee prevention dollars are utilized to support 14 Community Mobilization Projects, 4 Prevention Resource Centers, School Based Prevention Services in 5 school systems, and Diversion Programs for youth who are involved with the criminal justice system. Mr. Sudbeck said the department is seeing very good outcomes in middle school and high school prevention efforts.

Representative Putnam asked how they track the outcome data on adults. Mr. Sudbeck said individuals applying for treatment complete a release of information form to the researcher that enables them to be tracked when back in the community. The researcher contacts the individual one year after treatment. Mr. Sudbeck said while not everyone is contacted the information obtained is statistically significant. Mr. Sudbeck said according to the last report the researcher was able to follow-up with 2,100 individuals out of a possible 4,000. The entire report is on the department's web site. Mr. Sudbeck told the Committee that all individuals leaving the Corrections facilities are linked to community based programs as part of their parole.

Second Question: We understand Minnehaha County is currently not sending committals to the Human Services Center in Yankton. What re the implications for the Center if this continues?

Cory Nelson told the Committee that Minnehaha County continues to send committals to the Human Services Center and, in fact, the HSC had received 7 admissions over the previous weekend. Document No. 3 was distributed. Mr. Nelson said they do not see a significant change in admissions. The department has been working with Minnehaha County and other local authorities and providers to develop options for individuals that will help keep them in the community and utilize the least restrictive alternative for placement whenever possible rather than the HSC being the first line of placement. In FY03 Minnehaha County made a policy change that started sending more individuals to HSC due to cost of care at HSC versus the cost of providing services locally. That change reflected an increase of 330% in the number of 5-day emergency commitments from Minnehaha County. Over the last five fiscal years Minnehaha County has accounted for an average of 22.7% of all admissions to the Center. Through the first 6 months of FY10 they account for 23.8% of all admissions. Mr. Nelson said annually, 25-30% of all 5-day admissions from Minnehaha County are released prior to their 5-day commitment hearing. This is the population that Minnehaha County and the department are hoping to divert from placement at HSC. Senator Hunhoff asked about the intensity of the work when an admission is released before the 5-day time period. Mr. Nelson said a majority of the work on an admission is in the first 72 hours. Representative Putnam asked about the security issue in the admission area. Mr. Nelson said the project is progressing and should be completed in May.

Third Question: What are the long-term plans for the SDDC Redfield facility?

Ted Williams, Director of the SDDC told the Committee the Redfield facility will continue to be a part of the overall developmental disability provider system into the future; those admitted to and residing at the center have very complex needs and challenging behaviors that require intensive staffing and more structured environments than that available in community based settings. Mr. Williams said the population has declined at SDDC, those remaining have increased needs related to mental health issues and exhibiting challenging sexual behaviors and physical aggression, requiring increased staffing levels. Of those currently served at SDDC, all

presented unacceptable level of risk in their community based placement at the time of their admission.

Through the cooperative efforts of the community support providers and the Division of Developmental Disabilities, there have been successful placements in communities of people who previously would not have had the opportunity to leave SDDC.

Mr. Williams told the Committee that Rodger Leonard did a complete evaluation in 2003 and since the rightsizing effort began, SDDC has reduced its budget by \$1,125,593, and of that amount \$749,960 was general funds. In addition, 30.5 FTEs were eliminated in FY09, FY10 and FY11. Based on the current population, along with their needs and the services and support in the community, the department projects 142 individuals will be served in the future.

Representative Dennert asked for a number of residents that were moved back to local areas. Mr. Williams said the number is constantly changing. Last year the SDDC had approximately 40 admissions and 40 discharges.

Representative Burg asked what would happen to the residents in a state adjustment training center if that center was forced to close; with the continuation of no increased funding this could happen. Secretary Hofer said because these individuals would already be living in a community, the department would need to find a way to support them where they were. The department would not have the capacity to bring them all back to SDDC.

Senator Haverly said he felt the department should already have a plan in place for this type of problem. Secretary Hofer said they would support the individuals and work closely with the community providers, they are well aware of the difficulties the providers are under. The department would like to give the providers the increase they so desperately need.

Senator Hunhoff asked for the age span of residents at the SDDC and are there sex offenders at the facility. Mr. Williams said the age span is 12 to 80, with an average age of late 20's. There are 36 sex offenders at the SDDC and 8 are registered. Senator Hunhoff asked if that diagnosis kept them from returning to their community. Mr. Williams said partly, but also because they have a developmental disability and have not done well in the community setting. Those individuals are provided with treatment and some have reached a level where they can move into a community placement with appropriate support and services.

Senator Hunhoff asked where the 40 individuals were before they were admitted to SDDC. Mr. Williams said they come from a variety of placement referrals, some come the Department of Corrections, some were identified as a danger to others, and some come as a condition of their probation or parole. Senator Hunhoff asked how many of residents, that are not sexual offenders, are able to go back to their community. Mr. Williams said they currently have 9 waiting to be placed in a community setting. However, 4 were recently denied again because the community

provider is unable to provide them the care they need. Representative Putnam asked if clients are sent out-of-state for treatment. Mr. Williams said no.

Budget Request

Dan Lusk presented the department's budget request. The total FY11 recommended budget is \$256,283,849 and 1205.2 FTE. This is a change from the FY10 budget of \$8,019,025 in general funds, a reduction of \$391,439 in federal funds, and \$7,438 in Other funds for a total of \$7,635,024 and a reduction of 15 FTE.

In reference to the elimination of 15 FTE, Representative Burg asked for the amount of reduction in personal services. Mr. Lusk said approximately \$205,000. Representative Tidemann asked about the request for a reduction in federal fund authority. Mr. Hofer said it was the switch in FMAP.

Mr. Lusk said because of the changes in FMAP the department is increasing its request for general funds by \$5,522,909. Approximately 69% of the general fund increase is FMAP changes, and consumer expansion is \$1.7 million or 22% of the general fund increase. ARRA funds account for most of the changes to federal funds.

Senator Ahlers commented on the department's unutilized personal service dollars. FY05-FY09 general fund dollars correspond with the exact amounts transferred out each year. Senator Ahlers said it appeared common for the department to transfer these funds rather than revert them back to the General Fund. Mr. Lusk said those particular FTE are primarily at SDDC and HSC where they operate 7 days a week, 365 days a year. In addition to the unexpected expenses incurred, those funds went for a wiring problem and expenses related to a fire at the HSC a few years ago. The department works to the best they can with what funds they are given. Mr. Lusk told the Committee that in the past year wiring at the HSC collapsed and left the campus in the dark for 3 days. The department did not come to the Committee for money but transferred funds within the agency to cover the crisis. The department does have plans in place for maintenance and repair; however, those budgets are small. Secretary Hofer said they estimate revenue and utilize the budget as best they can. The department felt it was best to fix the wiring with excess personal services now rather than putting it or any other project off to a later time. Because they budget 18-24 months out, they can't be perfect. Senator Ahlers asked if they expect to operate on salary salvage. Secretary Hofer said because of the economy vacancies are and projections right now are not large. The department will probably not transfer as much as in the past. Senator Ahlers asked for a mid-year status in personal services.

Senator Haverly reminded the department staff that it was the people's business and that they needed to answer to the people. Secretary Hofer said coming to the Committee to ask for money to fix the wiring was an option but as a manager he first looks to see if he can fix it with his current funding. The wiring project cost \$10,000.

Representative Burg asked if the department makes the decision to transfer funds or is it done in conjunction with the Bureau of Finance & Management (BFM). Secretary Hofer said there is a process in which the department prepares the request and forwards it to the BFM for processing. Representative Burg would like the LRC staff to receive notification of these transfers.

Representative Burg asked why the department didn't use the statewide maintenance and repair fund for the wiring project. Mr. Lusk said that plan is prepared for projects years in advance and isn't funded for all the necessary projects.

Senator Brown commented that the project should have taken priority on the statewide maintenance and repair list if the campus was out of service for 3 days. Secretary Hofer said yes, however, he felt if they could deal with it themselves, they should.

Senator Novstrup asked for an explanation of "spend ahead". Secretary Hofer said he felt if they have the money they spend it now rather than push the project out to the future.

Developmental Disabilities – Total FY11 recommended budget totals \$104,704,094 needed to serve 4,886 with a staff of 18. Mr. Pelham said 98% of their funding is for contracts with providers. Eighty percent of the increase is because of the FMAP changes.

The department is expecting a net of 54 individuals served. Representative Peters asked where the projected 65 admissions were coming from. Mr. Pelham said they come from other state programs, family support, nursing homes, or new residents moving to South Dakota.

Representative Putnam asked if there was criteria that applies to those children turning 21. Mr. Pelham said yes. Senator Hunhoff asked if the department is mandated to serve those turning 21. Mr. Lusk said if they are eligible for services the department provides services. If they are turning 21 and are already part of a program, they are mandated to continue serving them. Mr. Lusk will provide information on how many of the 75 kids turning 21 are already receiving other services.

Representative Dennert asked for clarification on the number of discharges from this program. Mr. Pelham said in FY09 13 individuals went to nursing homes, 10 moved out of state, 6 discontinued services for reasons of their own, 7 went to SDDC, 1 receives services through the Corrections system.

Representative Peters asked who sets the criteria or standards for eligibility for admission to these programs. Mr. Lusk said the eligibility requirements are set in rule. The individuals must have functional limitations in 7 categories. Mr. Lusk said this information is from 10 years of study and data. The department knows where the admissions are coming from and where the discharges are going to and the costs related to both.

Senator Brown asked when the criteria and eligibility requirements were last reviewed. Mr. Lusk said the state administrative rule mirrors the federal guidelines for home and community based

services. They have remained the same for years. Representative Dennert asked if there was a waiting list. Mr. Lusk said no.

The funding sources for Development Disabilities include \$67,429,141 in federal funds (Title XIX, DD Basic Support and Respite Care), and \$37,274,953 in General Funds. Senator Hunhoff asked how many individuals were added last year. Mr. Lusk said consumer expansion last year was 68 and being halfway through the budget year they are right on track.

Representative Peters asked for an analysis of the past few years of admissions, discharges and kids turning 21 comparing budgeted vs. actual.

Provider Testimony

Daryl Kilstrom, Executive Director of Life Quest in Mitchell and Brad Saathoff, CEO of the Black Hills Workshop Rapid City presented information to the Committee regarding their programs. Documents 4 and 5 were distributed. Mr. Kilstrom told the Committee there were 19 Community Support Providers across South Dakota. These providers, formerly known as Adjustment Training Centers, are all nonprofit agencies that serve over 3,700 people with developmental/intellectual disabilities. Mr. Kilstrom said 82% of their income comes from governmental sources and while they recognize the difficult times in South Dakota, their request was that the Committee support the Governor's recommended budget of a 0% increase rather than making additional cuts. The average annual inflation rate over the past 15 years has been 2%. Their staff job demands continue to increase and the cost of health insurance is beyond inflation. In addition staff turnover continues to be a significant problem and the wage gap between the provider and their competitors is over \$1.00/hour.

In an effort to economize Mr. Saathoff told the Committee the providers have given no wage increases, cut the number of employees or employees' hours, increased insurance deductibles, reduced or eliminated contributions to retirement plans, staff training, transportation options for people using supports and made no infrastructure upgrades.

Mr. Saathoff told the Committee a 1% increase would provide \$323,000 in general funds that would in turn leverage over \$600,000 federal funds.

Senator Haverly asked for an explanation of the relationship between the providers and the state. Mr. Kilstrom said the provider's contract with the state for a majority of their budget. The state sets the prices/rates and they contract with the state to do the work. The providers are public or private non-profits, not state agencies. Senator Haverly asked for a comparison between their agency and the state. Mr. Kilstrom said they had recently taken in 4 clients at a rate of \$238/day as compared the average SDDC rate of \$459/day.

Secretary Hofer commented on the rate comparison and told the Committee the provider rate of \$238 does not include room and board. In addition, those residing in the facility do not qualify

for Medicaid services. Secretary Hofer will provide additional information to the Committee regarding Medicaid reimbursement. Secretary Hofer said it was the department's goal to get the residents out of SDDC and into the community; however, the SDDC fills a need and the residents that are there, need to be there.

Representative Putnam commented that part of the Committee's job is to become familiar with the providers and the work they do. Senator Ahlers asked if the providers have foundations that support them. Mr. Kilstrom said approximately half do have foundations that actively fundraise for them.

Senator Hunhoff asked if the providers are currently able to take additional patients or residents. Mr. Saathoff said they see the SDDC as a partner and do not advocate closing SDDC. They would however, do what they could if asked to take these residents. Many need extremely intensive services that are not available in the communities. There will always be a need for a restrictive setting. Mr. Kilstrom said it could take years to get the necessary services in place to take care of the SDDC clients if that facility were closed.

Representative Peters asked for the average cost per client. Mr. Saathoff said the state reimburses the providers at a rate of \$114/day for a community support facility. The actual cost is close to that and is available through the department.

The downturn in the economy has been good for the employment at the facilities. Providers were averaging 25 vacancies per month and is now 10-12. As soon as the lost jobs with benefits are back open, it will hurt the facilities. At the same time they have eliminated some positions due to the downturn.

Representative Putnam asked if the provider facilities get the ICFMR provider tax. Mr. Kilstrom said they do not qualify for this tax. .

Senator Hunhoff asked if there was any cost sharing involved in the Disability Development Division. Mr. Lusk said yes.

Ted Williams, Director of the SDDC presented the center's budget. The total recommended budget shows a decrease of \$133,373 and a reduction of 12.0 FTE. Mr. Williams said the reduction of \$136,068 in Personal Services more accurately aligns the FY11 budget with historical utilization of the personal services budget. Jobs at the SDDC are difficult to fill resulting in staff overtime. Senator Hunhoff asked for the percentage of overtime at the SDDC. Mr. Williams said in FY09 overtime totaled \$626,193, FY08 was \$682,367, and in FY07 \$813,812. Representative Wink asked for the percentage of personal services. Mr. Williams said 3.5% for FY09.

Mr. Williams explained the SDDC funding sources. Federal funds provide the majority of funding at a total of \$15,285,326, general funds are \$8,407,790 and Other funds amount to \$992,145.

Mr. Sudbeck presented the Division of Alcohol and Drug Abuse Budget. The total recommended budget totals \$26,259,362 and recommended increases of \$2,614,067. Changes include:

- FMAP changes totaling: \$182,861,
- SPF SIG federal grant: \$2,135,724,
- ADA Title XIX and CHIP expansion: \$500,272 (\$174,656 general funds) due to the increased numbers of adolescents and pregnant women, and
- a decrease of \$40,492 (\$14,136 in general funds) due to historically unused FTE hours.

Representative Burg commented on the low amount of Other funds. Mr. Sudbeck said Other funds come from the Lottery and fees from providers for performing the annual inspections at their facilities.

Grady Kickul, Director Rehabilitation Services spoke to the division's budget. The total recommended is \$23,053,154 with recommended increases totaling \$578,729. Changes include:

- FMAP increase of \$143,502,
- ADLS rate adjustment of \$105,347 (\$36,777 General Funds, \$68,570 federal),
- DDS personal services increase of \$70,362 in federal funds in order to address the overtime necessary to adjudicate disability claims sooner; and
- \$403,020 (\$83,226 General Funds and \$319,794 federal) increase for vocational rehabilitation for services to serve an additional 943 consumers.

Mr. Kickul told the Committee the federal government had awarded a mandated Cost of Living increase for state agencies to address increasing service demands in the area of vocational rehabilitation. The request is for general funds to match the federal funds in order to get the federal award. Mr. Kickul said the increases are for direct services provided in the community.

Representative Deadrick asked about the ADLS rate increase. Mr. Kickul said in order to compete for services, the department increased the rate. It costs \$30,000/year for an individual in this program. Mr. Lusk said the rate was set by the Department of Social Services mid-year. In order to fund the rate increase the department was not able to serve as many people. If they hadn't paid the rate the providers would not provide the service for anyone. The department is asking for the increase in order to continue serving the number of people they have in the past. Secretary Hofer said the Department of Social Services had underutilization of the service and available funding. They raised the rate in order to help the providers. The Department of Human Services uses the same providers and needs to pay them accordingly or run the risk of losing their services.

Mr. Lusk presented information on the Human Services Boards recommended budget of \$392,044. Senator Hunhoff asked for information on the purchasing of telecommunication equipment for the deaf. Mr. Lusk said there were no changes to that budget. Senator Ahlers asked for the purpose of the fund. Mr. Lusk said the fund, set in statute, is 15 cents per telephone, pager and cell phone. The funds are used to purchase telecommunications relay services for the deaf. Senator Ahlers commented that in FY08 and FY09, at the Governor's request, \$1 million was taken out of the fund to balance the budget.

Representative Peters asked about the increase in the Board of Counselor Examiners budget. Mr. Lusk said the increases were in the area of travel, contractual services and supplies and material. Additional information will be provided.

Gaye Mattke, Director of the Service to the Blind & Visually Impaired presented the division's recommended budget. The total recommended budget is \$3,519,391 with minor increases totaling \$103,369 including \$92,102 (\$19,618 in general funds) for Client Services. The Rehabilitation Act requires an annual increase of the SBVI federal award.

Cory Nelson presented the Human Services Center budget. The total recommended budget is \$41,880,685 with increases totaling \$682,251. Budget changes include:

- Increase in general funds of \$387,999 for FMAP,
- Increase of \$115,145 (\$92,147 general, \$22,998 federal) for increased utility and food service expense,
- Increase of \$394,000 for proposed dietary bond payment;
- Reduction of \$29,132 (\$12,527 general, \$16,605 federal) for elimination of 2 FTE,
- Increase of \$202,238 (\$141,200 general, \$59,952 federal, \$1,086 other) for minor items.

Mr. Nelson explained the increases in food service deals with increases in contract price for food plus the inmates housed at the HSC. The HSC operates under a different food service than other agencies. Representative Wink asked about the bond payment. Mr. Nelson said the bond payment actually comes from the general fund. A corresponding deposit to the general fund would be made with insurance revenues.

Senator Hunhoff asked for information on the reduction of 2 FTE. Mr. Nelson said they have done a number of things at HSC to improve efficiencies including a new scheduling system, and changes to the weekend and holiday shift assignments. Last year, the HSC paid \$800,000 in overtime, approximately 2% of the total personal services budget. Overtime costs for the year-to-date were less until the recent blizzard. In one week overtime doubled that used in previous quarters.

Ms. Iversen-Pollreis presented the budget for the Division of Mental Health. The total recommended budget is \$29,931,159 with increases of \$898,652. Changes include:

- Increase of \$559,837 in FMAP,
- Increase of \$227,476 (\$137,437 general and \$90,039 federal) for children's contract and Medicaid services for a waiting list of 148 children,
- Increase of \$234,865 (\$166,286 general and \$68,579 federal) for contract and Medicaid/Title XIX services to serve a waiting list of 107 individuals,
- Increase of \$427,796 (\$285,224 general and \$142,572 federal) for outpatient services contract and Title XIX for services provided in FY09 that were beyond the budget and went unpaid, and
- Increase of \$8,515 (\$2,985 general and \$865 federal) for minor items.

Senator Hunhoff asked if those on the waiting lists for South Dakota residents and for an explanation of unpaid services. Ms. Iversen-Pollreisz said everyone on the list is a South Dakota resident. In FY09 some providers provided outpatient services but were not reimbursed by the state due to lack of funds. Secretary Hofer said the providers are well aware of when the contract funding has run out but do this type of work because the client needs the help.

Representative Wismer asked for an average time on a waiting list. Ms. Iversen-Pollreisz said it averages a week or two but can be up to 6 weeks.

MOTION: ADJOURN

Moved by: Bartling
Second by: Deadrick
Action: Prevailed by voice vote.

Barb Bjorneberg
Committee Secretary

Jean M. Hunhoff, Chair